

Financial Policy and Budget Committee

Meeting 8 August 1962 - 3:00 P. M.

Summary Minutes

Chairman: Mr. John A. Bross (Comptroller)

Attending:

ADD/P

Mr. Sheldon, [redacted]

ADD/I

Mr. Lloyd

ADD/S

[redacted]

ADD/R

[redacted]

GC

Mr. Lansdale

Comptroller

[redacted]

Secretary

[redacted]

Special Guests:

OSI

[redacted]

ORR

1. Under date of 7 August 1962, the Committee had received prior notice of the agenda.

2. Balance of Payments Estimate

a. The Comptroller advised the Committee that drafts of two memoranda had been left with General Carter, one to go to the Bureau of the Budget and the other to go to the various Agency components. Both were based upon the experience of the Agency in the same exercise two years ago. It was observed that, in the last analysis, the problem boils down to what, if anything, can be done within CIA to reduce the drain on the dollar.

b. The thought was expressed that it may become advisable to invite cleared representatives from the Bureau of the Budget to come over and review our overseas activities for the purpose of satisfying themselves that we are doing things in the most economical way. Further, we would welcome objective suggestions that could substitute dollars for [redacted] [redacted] This still leaves open the question of whether there are things that we should either eliminate or reduce.

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3. General Comments on the Agenda

It was noted that:

a. The agenda was not intended to represent subjects, all of which are to be conclusively disposed of during today's session.

b. The intent is to illustrate and to contribute to the development of a rather comprehensive picture (for the benefit of the DCI and the DDCI) of the activity undertaken by the FPBC, the backup documentation being generated, and the vigorous pursuit being made with respect to activities which warrant investigation as possibilities for retrenchment.

4. OSI External Research Program, FY 1963

a. The discussion of this program was principally directed to three subjects:

(1) The cyclic characteristic of the total fund requirements, which are up during the even years (circa \$ [] million) and down during the odd years (circa [] million). Pursuant to this, attention was directed to the problem to be anticipated during FY 1964, on the high cycle, if ceilings remain unchanged.

(2) Measures and safeguards against duplication, within the community of government and private enterprise.

(3) The technical competence of the professional talent employed by OSI under contract in the External Research Program.

b. Concerning the cyclic problem, the ADD/R expressed particular concern, first with the reduced funds (from [] for FY 1963) and second, the application of the same ceiling next year which would, in effect, be only 50 per cent of the total FY 1964 funds requirements for these activities.

c. It was agreed that the prospect of employing "year-end savings" to make up these differences appears less likely than in previous years.

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The Comptroller indicated that he would be receptive to an adequately documented request for a supplemental funds allowance for FY 1963, and that OSI should prepare a similar paper on the FY 1964 Budget so that this matter could be placed before the DDCI and the DCI. It was agreed that a hard decision must be made prior to the next revision of the FY 1964 Congressional Budget.

d. On the matter of coordination and possible duplication, it was noted that, in addition to the established procedures for inter-Agency coordination and check, OSI makes it their business to know what is going on in the other Departments and directs their own effort to fill the gaps.

e. With respect to the competence of OSI contractors, the trend is to concentrate on buying brains in the bigger institutions that have a lot of brains gathered under one pen. With that kind of a portfolio of talent you will get a better product and can move from one aspect of the problem to another aspect of the problem without taking time to get cranked up. The program envisions three major contracts, [redacted] for offensive missiles, [redacted] with the defensive, and [redacted] on space.

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f. In summary, the Committee was in agreement in a recommendation for approval of the CSI-External Research Program, as proposed, with the understanding that OSI would initiate:

(1) An early proposal to request a supplemental FY 1963 Allowance of Funds, pursuant to the recommendations of the ADD/R.

(2) A separate proposal directed to the Funds - Ceiling problem to be anticipated in FY 1964. This paper should be in sufficient depth for serious consideration by the Executive Committee, and should precede the next preparation of data for the Congressional Budget.

5. ORR External Research Program, FY 1963

a. Within the general discussion of this program, the principal focus of attention was upon items One and Five, "Foreign Population and Manpower Studies" and "Research on African Towns." The question, as raised by the Comptroller, is not that they are not important, but conceivably that we (CIA) should not be doing them.

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b. The Committee was satisfied, as a result of the explanation and discussion, that both items One and Five were proper responsibilities of ORR, and that it would not be possible for the Bureau of the Census to perform services of this type (item One) except upon a reimbursable basis. Precedent goes back to 1948. The Department of Defense and the National Science Foundation, among others, also employ "Census" in the same manner for certain of their requirements.

c. It was noted that the ORR Program for FY 1964 will be at the same financial level as for FY 1963 and therefore does not involve the same ceiling problem as the OSI Program.

d. In summary, the Committee was in agreement in a recommendation for approval of the ORR External Research Program for FY 1963, as presented.

6. Other Agenda Items

The balance of the agenda as subjects for subsequent action by designees prior to further discussion by the FPBC:

a. Invitee Travel Fund Requirements

(1) It was agreed that the ADD/S would chair a group, to include designees from the DD/I and the DD/R to examine this subject for the purpose of getting the dimensions and to develop proposed criteria to be applied as ground rules for the conduct of "Invitee Travel."

(2) In principle, the machinery should remain where it is (in the Office of Personnel). The amount and source of funds to be employed remains to be determined. The immediate costs are to be borne by the Office of Personnel. Supplemental funds may be made available either through reprogramming exercises or from savings.

(3) The working group, chaired by the ADD/S, will endeavor to place a report before the FPBC on Wednesday, 15 August, with recommendations on magnitude, funding and criteria for guidelines for the conduct of the program by the Office of Personnel.

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b. External Training Fund Requirements

It was reported that this can now be accommodated from within the current funds allocation to OTR and is no problem, at the present time.

c. Study of Records Control and Records Retirement

(1) The Secretary was directed to circulate the ADD/S memorandum to the Comptroller, dated 6 July 1962, subject "Program Reviews by Financial Policy and Budget Committee".

(2) Unless recommendations are received to the contrary, it would appear that this matter is under control and that no further action is required by the FPBC at this time.

d. Manpower Task Force

It was agreed that the Committee chaired by Mr. [redacted] is pursuing this matter with vigor and the FPBC may expect to have the benefit of their report at some subsequent date.

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e. Survey of Air Activities

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It is anticipated that the report [redacted] on this will be available in due course (September - October 1962), and that it will include [redacted]

f. Stockpiling

[redacted] is to continue to examine this subject as a pre-requisite to a report to the Committee at some future date.

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g. Automatic Data Processing

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(1) This was noted as a subject involving formidable expenditures, both in terms of personnel and in hardware. It was suggested that [redacted] was available to provide the Committee with a complete briefing at any time. The Comptroller expressed

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the opinion that, before examining the nuts and bolts of the technology of ADP, it would be desirable to have data on the magnitude, outlining the paths that the Agency is pursuing in connection with establishing machine records and ADP equipment generally.

(2) Action on an invitation to have [redacted] appear (before FPBC) was suspended and the matter placed temporarily aside for subsequent inquiry. 25X1

h. Summer Employment Program

(1) The Secretary was instructed to circulate Emmett Echols' report to the Committee (Memorandum from Director of Personnel to Acting Deputy Director (Support), dated 3 August 1962, DD/S-62-3878, subject "Usefulness of Summer-Only Employment Program," including Attachments A, B and C-1 and omitting Attachment C-2).

(2) It was suggested that this report is sufficiently complete to substantiate an affirmative vote by the FPBC.

i. NPIC

(1) There had been separately circulated a memorandum to the DD/I from Arthur Lundahl, Director of NPIC, dated 30 July 1962, subject "Comments on Proposal for Joint Funding of NPIC Budget".

(2) Two divergent opinions were expressed in connection with the above:

(a) With the exception of the ADD/R, it was generally agreed that the completed staff work in the above memorandum deserved the support of the FPBC.

(b) The ADD/R was of the opinion that, in view of the monetary ceiling problems before CIA, there should be a 50-50 split of the costs between CIA and DoD.

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(3) In summary, no conclusive position was taken by the FPBC. This subject is scheduled for consideration by the Executive Committee.

j. NIS

(1) The Committee was advised that NIS procedures, requirements and disseminations have been precisely spelled out and that it will be necessary to go a time-consuming, formalized route to generate authority for any serious change.

(2) The NIS problem was tabled, for the present.

7. The meeting adjourned at 5:00 P. M.

[Redacted]
Secretary, Financial Policy
and Budget Committee

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62-5688

9 AUG 1962

MEMORANDUM FOR: Executive Director

SUBJECT : External Research Program of Office of Scientific
Intelligence for FY 1964

1. The Financial Policy and Budget Committee has reviewed and approved the proposed external research program of OSI for FY 1963. The estimated cost of this program in FY 1963 is [redacted]

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2. Under present plans, expenditures in this area in FY 1964 will be about doubled. On the one hand we are faced with a rather firm mandate to hold the line at the FY 1963 level. On the other, the Office of Scientific Intelligence and the DD/I have advanced arguments for a substantial increase in this particular area in FY 1964. I have suggested, that rather than discuss this matter, which seems to me essentially one of policy, in the Financial Policy and Budget Committee that it be submitted to the Executive Committee. It is my understanding that both Mr. Sheldon and [redacted] who presented the program to the Financial Policy and Budget Committee, agree that a briefing of the Executive Committee would be appropriate and I recommend that the matter be scheduled for discussion in the reasonably near future.

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[redacted]
JOHN A. BROSS
Comptroller

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cc: OSI/[redacted]
DDI/Sheldon

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